



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Utility Bill Policies (Vacation Credit)

MEETING DATE: May 3, 1995

PREPARED BY: Finance Director

RECOMMENDATION: Authorize the Finance Director to conduct a 3 year pilot program to grant a vacation credit for residential utility customers (single family residents only) for garbage service when absent for not less than 30 days nor more than 90 days per year.

BACKGROUND:

The City has received a number of requests from customers for a vacation credit when absent. Prior to 1985 the City did give vacation credits. However, this practice was stopped because of the administrative cost of tracking absent customers and because the City's flat rates are charged to account for both service use and readiness to serve.

Whether the City charges residents for utility services based on metered or a flat rate service is a question of policy. Electric utility customers are charged based on metered consumption plus a readiness to serve charge. When absent, their bill should decrease to reflect their absence. On the other hand, water, sewer and garbage customers are charged for their service based on a flat rate. In concept, this rate was established by taking the total cost of providing the service and dividing by the total number of customers by service class. Everyone shares equally by service class in the cost of the service regardless of the service level.

In metered services, utilities often have a minimum charge called a "readiness to serve charge". This charge is imposed to recover in part or whole the fixed costs of providing the service. If the same concept is applied to flat rate service customers, the rate could be reduced to recognize the customer's absence and to insure the City collects for the fixed cost of the service.

Recommended Billing Practice

Utility customers may apply for a vacation credit for garbage service provided by the City when absent from their residence for a period of one to three months (whole months).

APPROVED: _____

THOMAS A. PETERSON
City Manager



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The City will grant a credit for garbage service for the period of absence for up to three months under the following conditions:

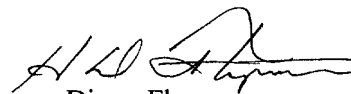
- The residence will remain vacant and will not be occupied by anyone to include pets.
- Vacation credit will be granted in whole months and not be prorated for single family residents.
- The City reserves the right to verify the vacancy from time to time by spot checking and reading the electric meter. If the residence is not vacant during the customers agreed absence, the charge for garbage service will be reinstated with a 100% penalty.

Cost to the Garbage System

Staff estimates that between 30 and 50 customers per year will apply for a vacation credit. Normal residential rates for garbage is \$15.87 per month. The estimated cost to the garbage system is \$1,900 per year based on 40 residents absent for 90 days.

FUNDING

None.

A handwritten signature in black ink, appearing to read "Dixon Flynn", is positioned above the printed name and title.

Dixon Flynn
Finance Director